



What is the Requirement C notice?

Employers that do not meet Requirement C have two rates; a computed rate based on their experience balance and taxable payroll information, and a penalty rate based on the highest rate of the schedule for the year minus the computed rate.

No more than one percentage point of the rate is imposed as a penalty due, and the Requirement C employers' experience account balances are adjusted annually to deduct the penalty amount and deposit the penalty amount into the Special Employment and Training Fund.

The Employer received a Statement of Requirement "C" Penalty to assist in filing your Federal Unemployment Tax Return (FUTA) Form 940. The amount to be reported on your FUTA Form 940 is the Computed rate only and not the penalty amount (1%).